

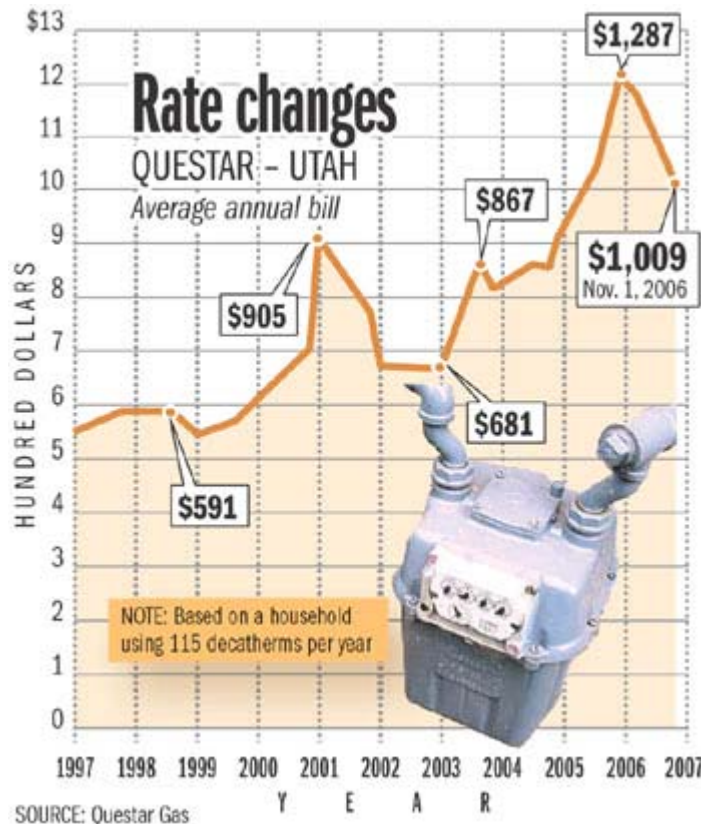
# Questar to cut rates by 10%

Natural gas bills will fall \$118 annually in a typical Utah home

By Dave Anderton

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Utah natural gas prices will fall to pre-Hurricane Katrina levels this winter, as Questar Gas Co. lowers natural gas rates by 10.45 percent.



Deseret Morning News graphic

The decrease, which is the fourth rate reduction by the Salt Lake-based utility this year, was announced Thursday and will lower the typical homeowner's annual bill by \$118. It is expected to take effect Nov. 1.

The typical monthly Questar Gas bill in June 2005, after rates started to climb sharply, was \$86.43. Come this November, the typical monthly bill will be \$84.05.

Alan Allred, president and chief executive of Questar Gas, said in a prepared statement that Questar, like other utilities across the country, had to increase its rates to cover the higher cost of buying natural gas after last year's hurricanes knocked out roughly 20 percent of U.S. supply.

"With most of that supply now restored, prices have fallen," Allred said. "Last winter's mild weather also led to lower consumption, helping the natural gas industry rebuild inventories. This has also helped the wholesale market

price of gas to come down."

Last year at this time Questar was seeking a 20.3 percent rate hike.

Nearly all Utahns receive their natural gas from Salt Lake-based Questar Gas Co., which has about 820,000 Utah customers who use the fuel to heat their water and homes. Two Utah cities, Eagle Mountain and Nephi, have their own municipal natural gas companies.

Despite Questar's steep rate increases in 2005, Utah's residential natural gas rates ranked as the second lowest in the nation, behind Alaska, according to a September report by the U.S. Energy Information Administration.

But this year's falling natural gas prices have prompted Questar Exploration and Production Co. to discontinue production at some of its natural gas wells in its Rocky Mountain producing region. The shut-in amounts to about 1 billion cubic feet of natural gas for the month of October.

Questar said despite the temporary shut-in, total 2006 production will reach 127 to 129 billion cubic feet, up from a previous forecast of 126 to 128 bcf.

Still, Stephen Bloch, an attorney with the Southern Utah Wilderness Alliance, said he wonders why production is being decreased in today's high-demand natural gas market.

"These recent efforts to shut off the tap seem to be geared toward setting up a scenario where they can increase rates at a future time of high demand," Bloch said. "It was also not even a year ago that they were pegging environmental litigation as one of the prime causes for the high price of natural gas. That was a red herring."

Chad Jones, a spokesman for Questar Gas, said reductions in production will have no impact on customers.

"Less than 1 percent of our supply comes from our sister company," Jones said. "At some point as prices go up, gas that was unproductive at lower prices or unprofitable becomes profitable. And then as prices fall those wells become unprofitable, and so you turn them off."

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